

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

JEWISH FEDERATION OF METROPOLITAN
CHICAGO,

Plaintiff,

v.

BAYOU MANAGEMENT, LLC, SAMUEL ISRAEL, III,
DANIEL MARINO, BAYOU GROUP, LLC, BAYOU
SECURITIES, LLC, BAYOU ADVISORS, LLC, BAYOU
EQUITIES, LLC, BAYOU FUND, LLC, BAYOU SUPER
FUND, LLC, BAYOU NO LEVERAGE FUND, LLC,
BAYOU AFFILIATES FUND, LLC, BAYOU
ACCREDITED FUND, LLC, BAYOU OFFSHORE
FUND, LLC, BAYOU OFFSHORE FUND A, LTD,
BAYOU OFFSHORE FUND B, LTD, BAYOU
OFFSHORE FUND C, LTD, BAYOU OFFSHORE FUND
D, LTD, BAYOU OFFSHORE FUND E, LTD, BAYOU
OFFSHORE FUND F, LTD BAYOU OFFSHORE
MASTER FUND, LTD, and DOES 1-25, Inclusive,

Defendants.

Civil Action No. 3:05CV01401 (SRU)

November 3, 2005

MOTION FOR DEFAULT JUDGMENT AGAINST SAMUEL ISRAEL, III

Pursuant to Rule 55(b)(2) of the Federal Rules of Civil Procedure, Plaintiff, the Jewish Federation of Metropolitan Chicago (the "Federation"), respectfully requests that the Court enter a default judgment against Defendant, Samuel Israel ("Israel") for failure to appear, answer, plead or otherwise defend this action, and to assess damages against Defendant Israel in the amount of four million dollars (\$4,000,000). In support of this motion, the Federation submits the attached Affidavit of Kent D.B. Sinclair ("Sinclair Affidavit") (attached as Exhibit 1) and further states as follows:

A. The Motion For Default Judgment Should Be Granted Because Samuel Israel Failed To Answer Or Otherwise Respond To The Complaint.

1. On September 2, 2005, the Federation filed the Complaint in the above-captioned matter. *See* Complaint (Docket No. 1).

2. Defendant Israel is an individual who resides at 52 Oregon Road, Bedford Corners, New York. Complaint ¶ 16.

3. Service of process on Defendant Israel was completed on September 13, 2005, when he was served with the Summons and Complaint at his residence. Copies of the affidavits of service on Defendant Israel were attached as Exhibit A and Exhibit B to the Federation's Application for Entry of Default as to Defendant Israel (Docket No. 58).

4. The time within which Defendant Israel was to serve a responsive pleading or otherwise defend as required by Rule 12(a) of the Federal Rules of Civil Procedure has expired.

5. On October 5, 2005, the Federation submitted an Application for Entry of Default as to Defendant Israel (Docket No. 58), which was granted and docketed by the Court on October 11, 2005 (Docket No. 62).

6. To date, no response of any type has been filed or served by Defendant Israel in this case. Sinclair Affidavit ¶ 5.

7. As set forth more fully in the Sinclair Affidavit, the Federation believes that Defendant Israel is not in the military service of the United States of America or its allies. Sinclair Affidavit ¶ 8.

B. Assessment Of Damages.

8. As set forth more fully in the Complaint (Docket No. 1), in March 2004, the Federation invested two million dollars (\$2,000,000) in one of the funds within the Bayou Group hedge fund company, specifically the Bayou Offshore Fund B, Ltd. The Federation invested an additional two million dollars (\$2,000,000) in the same fund in July 2004, for a total investment in the Bayou Group of four million dollars (\$4,000,000). Complaint ¶¶ 44, 46-47; Sinclair Affidavit ¶ 9.

9. Defendant Israel and the other defendants in this case have misappropriated the Federation's \$4,000,000 investment. Complaint ¶ 1. In fact, in connection with his misappropriation of funds from the Federation and other investors in the Bayou group of funds, on September 29, 2005, Defendant Israel pleaded guilty to federal criminal charges of: (1) conspiracy to commit fraud; (2) investment adviser fraud; and (3) mail fraud. *See* Sinclair Affidavit ¶¶ 6-7.

10. In its Complaint, the Federation asserts several causes of action against Defendant Israel and the other defendants, including a count for civil conspiracy (Count VIII). That Count includes the assertions that Israel and the other defendants "combined and acted in concert with a common purpose to defraud [the Federation] . . . and to unlawfully convert and misappropriate monies belonging to Plaintiff." Complaint ¶ 112.

11. Under Connecticut law, Defendant Israel is jointly and severally liable for the damages resulting from such a civil conspiracy. *See, e.g., Desrosiers v. American Cyanamid Co.*, 1966 U.S. Dist. LEXIS 7184m *70*8 (D. Conn. 1966) (discussing effect of addition of civil conspiracy claim as changing the individual liability of the defendant into joint and several liability against both the defendant and the other alleged participants); *Noll v. Hartford Roman Catholic Diocesan Corp.*, 2005 Conn. Super. LEXIS 2093, 8 n.13 (Conn. Super. Ct. July 29, 2005) ("whatever was done in pursuance of the conspiracy by one of the conspirators is considered as the act of all conspirators; all are equally liable therefore as joint tortfeasors . . .") (citation omitted); *Governors Grove Condominium Assoc. v. Hill Dev. Corp.*, 36 Conn. Supp. 144, 151, 156 (1980) ("all conspirators are civilly liable for the damage resulting from any overt act committed by one of them pursuant to the combination. [...] [P]ersons who knowingly join a fiduciary in an enterprise which constitutes a breach of his fiduciary duty of trust are jointly and severally liable for any injury which results.") (citations omitted).

12. The Federation was damaged in the amount of at least four million dollars (\$4,000,000).

WHEREFORE, Plaintiff, the Federation, through its attorneys, respectfully requests that the Court enter a default judgment against Defendant Israel, order that Defendant Israel is jointly and severally liable for the Federation's loss, and award damages in the amount of four million dollars (\$4,000,000).

Respectfully submitted,

Jewish Federation of Metropolitan Chicago
By its attorneys,

/s/ Kent D.B. Sinclair

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CERTIFICATE OF SERVICE

I do hereby certify that I have served a copy of the forgoing document this 3rd day of November 2005, by first-class mail, postage prepaid, to all persons identified on attached service list.

/s/ Kent D.B. Sinclair

Kent D.B. Sinclair

Service List

Bayou Management, LLC:

Bayou Management, LLC
40 Signal Road
Stamford, CT 06902

Bayou Management, LLC
c/o Faust Rabbach & Oppenheim
488 Madison Avenue
New York, NY 10022

Bayou Management, LLC
c/o Samuel Israel, III
52 Oregon Road
Bedford Corners, NY 10549

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Bayou Group, LLC:

Bayou Group, LLC
c/o National Registered Agents, Inc.
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12 Old Boston Post Road
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Bayou Securities, LLC:

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52 Oregon Road
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Bayou Securities, LLC
c/o Thomas J. Williams, Esq.
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Service List (cont.)

Bayou Advisors, LLC:

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Bayou Equities, LLC:

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Bayou Fund, LLC
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Bayou Super Fund, LLC:

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Bayou No Leverage Fund, LLC:

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Bayou Affiliates Fund, LLC:

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Bayou Accredited Fund, LLC:

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Service List (cont.)

Bayou Offshore Fund, LLC:

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